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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte THAD R. PERRY, MICHAEL F. BALLANCO, CHRISTOPHER F.
GARBER, KARIM A. HOMSAANY, MARY P. KROETEN,
and GREGORY A. ROWE

Appeal 2008-4066
Application 09/746,611
Technology Center 3700

Decided: ¹March 30, 2009

Before, MURRIEL E. CRAWFORD, HUBERT C. LORIN and JOSEPH A.
FISCHETTI, *Administrative Patent Judges*.

FISCHETTI, *Administrative Patent Judge*.

DECISION ON APPEAL

¹ The two month time period for filing an appeal or commencing a civil action, as recited in 37 C.F.R. § 1.304, begins to run from the decided date shown on this page of the decision. The time period does not run from the Mail Date (paper delivery) or Notification Date (electronic delivery).

STATEMENT OF THE CASE

Appellants seek our review under 35 U.S.C. § 134 of the Examiner's final rejection of claims 1, 3, 4, 7, 8, 12-18, 22-26, and 28-58. We have jurisdiction under 35 U.S.C. § 6(b). (2002).

SUMMARY OF DECISION

We AFFIRM.

THE INVENTION

Appellants claim a system and method for automatically evaluating a business proposal wherein a business proposal is evaluated in light of the relationship between the parties. (Specification 1:5, 7).

Claim 1, reproduced below, is representative of the subject matter on appeal.

1. A method of preparing and evaluating a business proposal, comprising the steps of:

displaying a plurality of questions relating to the proposal, including proposal components, proposal characteristics, risks, revenue drivers, investment bases, and a business environment;

allowing access to a database of client information and a database of proposer information;

receiving answers to the plurality of questions based on information accessed in the databases;

defining a query for search criteria for the proposal; performing a search based on the query and answers to the questions; storing information relevant to the proposal gathered in the search; selecting at least two alternative structures between a purchaser and a provider selected from the group consisting of an alliance, an acquisition, an equity venture, a partnership, and a venture; evaluating the stored information by computer; ranking the at least two alternative structures based on the evaluation of the stored information;

outputting a report displaying the rankings and responses to at least one of the questions;

reevaluating information sources and a business environment relative to the proposal;

reevaluating organizational and proposal considerations, and risks relative to the proposal;

reconsidering at least one of the alternative structures and optionally reshaping at least one of the alternative structures; and reevaluating and re-ranking the at least two alternative structures.

THE REJECTION

The Examiner relies upon the following as evidence of unpatentability:

Belcsak

US 6,957,191 B1

Oct. 18, 2005

The following rejections are before us for review.

1. The Examiner rejected claims 1, 3, 4, 7, 8, 12-18, 22-26, and 28-58 under 35 U.S.C. § 103(a) as being unpatentable over Belcsak.

ISSUE

Have Appellants shown that the Examiner erred in rejecting claims claims 1, 3, 4, 7, 8, 12-18, 22-26, and 28-58 under 35 U.S.C. § 103(a) as being unpatentable over Belcsak on the grounds that a person with ordinary skill in the art would understand that the model of financial instruments are structures in the sense that they are so inextricably connected and underpinned to the deal so as to constitute structure of the deal itself.

FINDINGS OF FACT

We find the following facts by a preponderance of the evidence:

1. The Examiner found with respect to the claim requirements of ...selecting at least two alternative structures between a purchaser and a provider selected from the group consisting of an alliance, an acquisition, an equity venture, a partnership and a venture: that Belcsak at “(col. 7, lines 6-9 and 29-35; col. 10, lines 14-36; col. 11, lines 59-62: [discloses this feature in that] [u]sers may view alternative financial structures and manipulate decision variables to change the outcomes for the structures.) (Answer 4).
2. The Examiner found
Belcsak teaches an optimization engine which evaluates parameters and constraints associated with structures and then optimizes the structures based on the user's goals and constraints. The optimization engine, in essence,

must perform some type of internal ranking in order to determine which structures provide the best deal to the user. Additionally, it is old and well known to display rankings to a user who is making a decision based on the rankings as visual rankings provide the benefit to the user of an easily quantifiable analysis. Belcsak is expressly directed to benefit a user who is making a decision based on alternative scenarios, and thus, at the time of the invention, it would have been obvious to a person of ordinary skill in the art to have the optimization engine of Belcsak also display rankings of the alternative structures after it performs its internal optimization based upon the user's indicated goals, thereby providing the user with a visual indication with which to easily discern which scenarios is optimal for the user.

3. The Specification uses the word structures broadly in stating that “... the deals or proposals may be examined from several viewpoints, or structures, to determine whether any of them may be advantageous to one party or another.” (Specification 3:11-13).

4. The Specification describes price as the first of the usual factors involved in a competitive situation stating that “...the usual factors involved in a competitive situation [are]: price, availability, quality, delivery and the like.” (Specification 1:13-14).

5. The Specification describes structuring revenue streams between the parties involved in a deal in that “[t]here may also be other types of revenues, such as incentives, or portions of profits, or in the other direction, penalties for failure to achieve certain levels of performance or sales.” (Specification 6:25-27).

6. The Specification describes inputting information about the parties involved in the transaction as apart of the deal-shaping process including company policies 60 may also form important considerations, limitations, or guidance during the process. (Specification 5:6-15).

7. Belcsak discloses that

The tool operates in two basic modes: build mode and end user mode. In build mode, the user creates the definition of certain aspects of the tool, such as creating instruments which model real world financial instruments. These instruments are then stored in the tool for use by end users when modeling a scenario using the tool. In other words, the builder user provides a library of "canned" instruments which can be used by the user to more easily and efficiently model the scenario with the tool. The instruments involve a set of inputs and calculations based on those inputs. The end user incorporates the built instruments into a model and supplies the real inputs corresponding to the actual deal that is being modeled. The build user mode also enables the builder user to create calculation templates to be used by the end user in conjunction with various instruments.

(Belcsak, col.8, 13-27).

8. Belcsak discloses

...the tool 10 provides a graphical CAD-like interface which is used to model the flow of financial instruments and data between various parties to a financial scenario, including individual, corporations, institutions and/or the like. In accordance with the instant invention, the tool enables users to visually define the parties involved in the scenario and, for example, the flows of money and assets in the form of a graphical model of the scenario. Parties

are preferably represented by boxes which display the name of the party.

(Belcsak, col.7, 48-57).

9. The financial models disclosed by Belcsak are arranged in a definite pattern of organization in that the models are defined by chapters:

[a.] The first chapter in the GUI is the Payment Diagram (see FIGS. 14 and 15), which provides a graphic boxes and arrows overview of the relationship among parties and instruments, as well as the payments the parties make to one another. This is valuable because ideas for *financial structures* are often presented as boxes and arrows drawn on paper....

[b.] The next chapter is the Parties chapter. The program simulates "parties," which are entities that participate in a financial transaction. It provides automatic creation and deletion of party-specific information. This party-specific information includes items, such as tax rates, fiscal-year-ending months, or yield requirements....

[c.] The next chapter is the Time and Decision Organizer, which is also called "Time Organizer" in the program for short (see FIG. 16). In this chapter, the GUI provides users with control of globally available (case-wide) key dates, timelines and outcomes (from decisions)....

[d.] The next chapter is the Instruments Chapter ...The GUI of this chapter provides controls for creation and definition of payment streams between parties, and the tax effects of such payments on the paying or receiving party.

(Belcsak, col.9 ll. 30-36; col.10, ll. 1-52).

10. Belcsak discloses that “[i]n addition to general financial instruments, the system may also include instruments for advanced corporate finance operations, such as mergers, acquisitions and the like. (Belcsak, col.11, ll. 59-61)

11. Belcsak discloses that its tool is also useful in optimizing a deal or transaction in that “[i]f optimization is desired, the user can run the optimizer (step 42) and then review the optimized deal. If the optimized deal is then acceptable, the user can run reports and present the deal to the client (steps 40 & 46).” (Belcsak, col.8, ll. 46-50)

PRINCIPLES OF LAW

“Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’” *KSR Int’l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art, and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 127 S.Ct. at 1734 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”)

ANALYSIS

For the reasons that follow, we sustain the Examiner's rejection of claims 1, 3, 4, 7, 8, 12-18, 22-26, and 28-58.

Appellants' arguments against each of independent claims 1, 18 and 32 are based on perceived deficiencies of Belcsak. Inasmuch as Appellants' raise the same issues with respect to each of these claims, we discuss the rejection of these claims together, addressing each of Appellants' arguments in turn.

The Examiner found that Belcsak discloses the step of selecting at least two alternative structures as required by the claims because "users may view alternative financial structures and manipulate decision variables to change the outcomes for the structures." (FF 1).

Appellants however challenge the Examiner's reference to Belcsak as a tool providing a selection between business structures, and particularly, to its application to one selecting between mergers and acquisitions, because according to Appellants, Belcsak

...does so only to describe a tool that performs calculations for finance operations involved in a merger or finance operations involved in an acquisition.... the finance operations referred to in Belcsak et al. concern a merger or an acquisition that is already underway. Belcsak et al. does not even pertain to selecting between business structures. Teaching a finance tool having calculations for use in merger and acquisition finance operations, as Belcsak et al. does, does not teach or suggest a method for selecting a type of business structure. (Appeal Br. 4-5).

We are not persuaded of error by these arguments for the following reasons.

First, nothing in the claims distinguishes a transaction that is already underway from one that is not. Thus, Appellants' argument fails from the outset because it is not based on limitations appearing in the claims . . .,” *In re Self*, 671 F.2d 1344, 1348 (CCPA 1982).

Second, the claims only generally require selecting at least two alternative structures between a purchaser and a provider selected from the group consisting of an alliance, an acquisition, an equity venture, a partnership, and a venture. In Belcsak, the builder user provides a library of "canned" instruments (FF 7) which, by selecting an appropriate one for the involved deal, e.g. merger or acquisition (FF 10), is used by the user to more easily and efficiently model the scenario, e.g. the deal, with the tool. These instruments according to Belcsak “model real world financial instruments.” (FF 7). We thus disagree with Appellants that Belcsak fails to disclose selecting between alternative structures.

Appellants' however argue that Belcsek instruments in Belcsek are not business structures because Belcsek is directed to “the financial operation for an acquisition” (Appeal Br. 6). We disagree with Appellants for two reasons. First, the argument is again outside the scope of the claims which only recites a structure and not business structure, and thus fails from the outset. *See In re Self*, 671 F.2d 1344, 1348 (CCPA 1982).

Second, even if we were to give weight to Appellants' argument that structure means “business structure”, the Specification, if anything, suggests a more general interpretation of the word than sought by Appellants in their brief. That is, the Specification uses the word “viewpoint” as an alternative to structure.

(FF 3). Thus, using Appellants' term, the tool in Belcsek sees the deal from the viewpoint of the financial side of a party involved in one of a merger or acquisition, and hence from the viewpoint of differing business structures. We interpret the financial framework or structure of a merger or acquisition to be so inextricably connected and underpinned to the deal so as to constitute structure of the deal itself. *See KSR*, at 1741 (In making the obviousness determination one "can take account of the inferences and creative steps that a person of ordinary skill in the art would employ").

In this regard, the Specification describes price as the first of the usual factors involved in a competitive situation (FF 4) and describes revenue stream structuring part of its evaluation tool (FF 5). Belcsek likewise discloses payment structuring as an element of the deal, namely, the structuring of payment streams between parties as taught by Belcsak. (FF 8, 9) Belcsak further discloses that its tool is also useful in optimizing a deal or transaction (FF 11) applicable to a merger or acquisition or the like (FF 10). Both Appellants' tool and that disclosed by Belcsak require input about the parties to the transaction (FF 6, 7, 8). Finally, in further support of our interpretation of the word structure, Belcsak even refers to the relationship among parties as *financial structures* (FF 9). Accordingly, we conclude that in selecting between the financial models which optimize a selected one of a merger or acquisition, a user in Belcsek chooses between structures as required by the claims.

Appellants next argue that

...the ranking element [of the claims] is neither anticipated by nor obvious in view of Belcsak et al. In fact, the Office Action states that 'Belcsak et al. does not expressly disclose ranking the two alternative structures', but goes on to state that "the optimization engine, in essence, must perform some type of internal ranking in order to determine which scenarios provide the best deal to the user." This assertion is flawed for at least two reasons: (1) the "scenarios" of Belcsak et al. correspond to the terms of a financial instrument, not to alternative business structures, and (2) optimizing does not equate to ranking. (Appeal Br. 9).

Appellants' argument (1) is not persuasive as to error in the rejection for the reasons discussed above.

Appellants' argument (2) is also not persuasive as to error in the rejection because although optimizing is not exactly synonymous for ranking, the Examiner has given an articulated line of reasoning as to why under 35 U.S.C. § 103(a) "...it would have been obvious to a person of ordinary skill in the art to have the optimization engine of Belcsak also display rankings of the alternative structures after it performs its internal optimization based upon the user's indicated goals, thereby providing the user with a visual indication with which to easily discern which scenarios is optimal for the user. (FF 2). We agree with the Examiner that it is reasonable to infer that an optimizing tool, such as disclosed by Belcsak (FF 11), would also predictably be used to display the results of such optimization as rankings, particularly since the optimizing tool also generates reports of the optimizing process (FF 11). *See KSR*, at 1741 (In making the obviousness

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determination one “can take account of the inferences and creative steps that a person of ordinary skill in the art would employ”). “When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or in a different one. If a person of ordinary skill in the art can implement a predictable variation, § 103 likely bars its patentability.” *KSR* at 1740.

CONCLUSIONS OF LAW

We conclude the Appellants have shown that the Examiner erred in rejecting claims 1, 3, 4, 7, 8, 12-18, 22-26, and 28-58 under 35 U.S.C. § 103(a) as unpatentable over Belcsak.

DECISION

The decision of the Examiner to reject claims 1, 3, 4, 7, 8, 12-18, 22-26, and 28-58 is AFFIRMED.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2006).

AFFIRMED

JRG

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